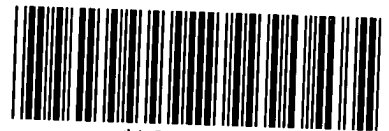


**ENGAGE ESM LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

THURSDAY



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COMPANIES HOUSE

**COMPANY INFORMATION**

|                            |   |
|----------------------------|---|
| <b>Directors</b>           | Jayesh Maroo (resigned 1 February 2019)<br>Peter Pluim (resigned 21 November 2018)<br>Philip Wray (appointed 1 February 2019)<br>Ronald Bakhuis (appointed 1 February 2019) |
| <b>Company secretary</b>   | James Loughrey  |
| <b>Registered number</b>   | 04176016  |
| <b>Registered office</b>   | Second Floor<br>Mid City Place<br>71 High Holborn<br>London<br>WC1V 6EA   |
| <b>Independent auditor</b> | Grant Thornton UK LLP<br>Statutory Auditor & Chartered Accountants<br>Grant Thornton House<br>30 Finsbury Square<br>London<br>EC2A 1AG                                      |

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Introduction**

The Directors present their Strategic Report for Engage ESM Ltd (the "Company") the year ended 31 December 2018. The comparative period is 30 December 2016 to 31 December 2017.

**Business review**

The results for the year which are set out in the Statement of Comprehensive Income show turnover of £22,855,814 (2017 : £19,107,425) and the operating profit for the year was £941,332 (2017 : £1,590,895). The Directors consider the performance for the year and the financial position at the year end to be satisfactory.

In 2019 the Company will continue to focus on providing IT enabled business processes to select national and international markets, thereby continuing to deliver added value to our clients.

**Financial Key Performance Indicator**

The Directors monitor the progress on the Company's overall strategy and its individual strategic elements by reference to the following Key Performance Indicator (KPI):

**Movement in turnover (%)**

This is defined as the year on year movement in turnover expressed as a percentage. The increase in turnover was 20% (decrease in 2017: 6%).

**Headcount**

This is defined as the number of full time equivalent staff employed by the Company. The average headcount increased by 14 from 31st December 2017 to 107 during the year to 31st December 2018. The average headcount increased by 27 from 30 December 2016 to 93 during the period to 31 December 2017.

**Principal risks and uncertainties**

The Company has a number of governance boards which seek to deliver specific goals.

The UK Executive Board consists of the UK Executive Team and its purpose is to deliver market growth, deepen client relationships and strengthen the UK's competitive position in the market through developing the three year strategic plan. The Executive Board meets monthly to drive focus on delivering current year business objectives and implementing the in year actions related to the three year strategy as defined by the UK Executive Board as part of business planning.

This forum is responsible for the oversight of all operations and focuses, where necessary, on potential issues including risk related issues raised by the different parts of the UK business as part of monthly operational reviews covering either markets or service lines.

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ENGAGE ESM LTD

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STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

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*Clients*

The Company continues to diversify its offerings across various markets in order to limit the impact of contract losses. The Company also continues to diversify its client base in order to minimise its reliance on a small set of clients.

Client relationship management is critical to ensure proper delivery of services, the renewal of contracts and mitigation of the risks of early termination. The Company has implemented detailed contract management processes to manage this risk.

*Legal risks*

Through the provision of IT services to clients, the risk of contract liability arises as a result of any inadequate implementation of IT systems, or any deficiency in the execution of services related to delays or unsatisfactory levels of service. The Company seeks to minimise such risks through a rigorous review at bid stage and throughout the contract life. Mitigating actions are taken where appropriate.

*Supplier risks*

The Company relies on key suppliers in its business with respect to software used in the design, implementation and running of IT systems. Major risks with key IT suppliers are managed centrally by the purchasing department. This department is responsible for relationships with suppliers including their identification and selection, contract negotiation, and the management and resolution of potential claims and litigations.

*Partnerships and subcontractors*

The Company relies from time to time on partnerships and subcontractors to deliver services in specific contractual situations. The use of third parties is common within the industry but represents a business risk that is carefully managed by the Company. All requests to enter into partnerships or to use subcontractors are initiated by the bid team evaluating the proposal.

*Technology and IT risks*

The Company has IT risk management processes, covering security and backup systems and effective insurance coverage.

This report was approved by the board on 14-8-2019

and signed on its behalf.



Ronald Bakhuis  
Director

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The Directors present their report and the financial statements for the year ended 31 December 2018.

**Directors' responsibilities statement**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the annual report including the Strategic report and Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

**Principal activities**

The Company delivers technology services, system integration, business process outsourcing services, consulting and managed services.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Results and dividends**

The profit for the year, after taxation, amounted to £952,289 (2017 - £1,592,197).

The Directors do not recommend payment of a dividend (2017 - £nil).

**Environmental matters**

As an information technology service provider, the Company's operations in themselves have minimal direct impact on the environment. However, the Board recognises that even office based working structures can have a negative impact on the environment and have adopted an environmental policy which has the following main features:

- to meet the statutory requirements which are placed on the Company in its various countries of operation;
- to recycle as much of the Company's waste products as is economically possible, recognising that office based environments produce quantities of waste paper;
- to dispose of any hazardous resources employed by the Company in an environmentally friendly manner;
- to apply good environmental practice in outsourcing and managed service businesses both to the level and beyond that required by contractual obligations; and
- to encourage staff to adopt environmentally friendly practices in their employment with the Company.

The Company's leadership role in the digital transformation of businesses enables it to improve the environmental efficiency of its operations by reducing energy and carbon intensity, as well as to develop collaborative tools that will enable it and its clients to reduce their overall global footprint.

Continuous improvements to the energy efficiency of operations and ambitious targets achieved in reducing the carbon intensity footprint and a sharp increase in the use of decarbonised electricity in the strategic datacentres.

**Directors**

The Directors who served during the year were:

Jayesh Maroo (resigned 1 February 2019)  
Peter Pluim (resigned 21 November 2018)  
Philip Wray (appointed 1 February 2019)  
Ronald Bakhuis (appointed 1 February 2019)

**Going concern**

The Company's business activities, together with the factors likely to affect its future developments, its financial position, financial risk management objectives and its exposure to liquidity, credit, interest and currency risk are described in the Strategic Report.

The Company has considerable financial resources together with long term contracts with a number of customers and suppliers across different industries. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

Based on the approved business plan and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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**ENGAGE ESM LTD**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Qualifying third party indemnity provisions**

The Company has granted indemnities to all of its Directors against any potential liability in respect of proceedings brought by third parties, subject to the conditions set out in sections 234 and 235 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report.

**Reappointment of auditors**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *14<sup>th</sup> August 2019* and signed on its behalf.



**Ronald Bakhuis**  
Director

*RB*



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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ENGAGE ESM LTD**

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**Opinion**

We have audited the financial statements of Engage ESM Ltd (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ENGAGE ESM LTD (CONTINUED)**

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**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ENGAGE ESM LTD (CONTINUED)**

**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Maslin BSc FCA (Senior Statutory Auditor)

for and on behalf of

**Grant Thornton UK LLP**

Statutory Auditor & Chartered Accountants

Grant Thornton House  
30 Finsbury Square  
London  
EC2A 1AG

Date:

14<sup>th</sup> August 2019

ENGAGE ESM LTD

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018

|  |      | 2018             | 30<br>December<br>2016 to 31<br>December<br>2017 |
|--|------|------------------|--|
|  | Note | £                | £  |
| Turnover                                       | 4    | 22,855,814       | 19,107,425                                       |
| Cost of sales                                  |      | (17,748,205)     | (13,660,818)                                     |
| <b>Gross profit</b>                            |      | <b>5,107,609</b> | <b>5,446,607</b>                                 |
| Administrative expenses                        |      | (4,166,277)      | (3,855,712)                                      |
| <b>Operating profit</b>                        | 5    | <b>941,332</b>   | <b>1,590,895</b>                                 |
| Other Income                                   | 7    | 268,815          | -  |
| Interest receivable and similar income         | 8    | -                | 10   |
| Interest payable and expenses                  | 10   | -                | (1,126)  |
| Exceptional expenses                           | 11   | (269,115)        | -  |
| <b>Profit before tax</b>                       |      | <b>941,032</b>   | <b>1,589,779</b>                                 |
| Tax on profit                                  | 12   | 11,257           | 2,418  |
| <b>Profit for the financial year</b>           |      | <b>952,289</b>   | <b>1,592,197</b>                                 |
| <b>Total comprehensive income for the year</b> |      | <b>952,289</b>   | <b>1,592,197</b>                                 |

The notes on pages 13 to 28 form part of these financial statements.

**ENGAGE ESM LTD**  
**REGISTERED NUMBER: 04176016**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

|  | Note | 2018<br>£               | 2017<br>£               |
|--|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                            |      |                         |                         |
| Intangible assets                              | 13   | 3,309,892               | 3,309,892               |
| Investments                                    | 11   | -                       | 269,115                 |
|  |      | <u>3,309,892</u>        | <u>3,579,007</u>        |
| <b>Current assets</b>                          |      |                         |                         |
| Debtors: amounts falling due within one year   | 14   | 10,232,870              | 6,098,318               |
| Cash at bank and in hand                       | 16   | 2,248,656               | 1,882,847               |
|  |      | <u>12,481,526</u>       | <u>7,981,165</u>        |
| Creditors: amounts falling due within one year | 17   | (8,870,090)             | (5,591,133)             |
| <b>Net current assets</b>                      |      | <u>3,611,436</u>        | <u>2,390,032</u>        |
| <b>Total assets less current liabilities</b>   |      | <u>6,921,328</u>        | <u>5,969,039</u>        |
| <b>Net assets</b>                              |      | <u><u>6,921,328</u></u> | <u><u>5,969,039</u></u> |
| <b>Capital and reserves</b>                    |      |                         |                         |
| Called up share capital                        | 19   | 92                      | 92                      |
| Revaluation reserve                            |      | 8                       | 8                       |
| Profit and loss account                        |      | 6,921,228               | 5,968,939               |
|  |      | <u>6,921,328</u>        | <u>5,969,039</u>        |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

  
Ronald Bakhuis  
Director

14th August 2019

The notes on pages 13 to 28 form part of these financial statements.

ENGAGE ESM LTD

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

|  | Called up<br>share capital | Revaluation<br>reserve | Profit and<br>loss account | Total equity     |
|--|----------------------------|------------------------|----------------------------|------------------|
|  | £                          | £                      | £                          | £                |
| At 1 January 2018                              | 92                         | 8                      | 5,968,939                  | 5,969,039        |
| <b>Comprehensive income for the year</b>       |                            |                        |                            |                  |
| Profit for the year                            | -                          | -                      | 952,289                    | 952,289          |
| <b>Total comprehensive income for the year</b> | -                          | -                      | 952,289                    | 952,289          |
| <b>At 31 December 2018</b>                     | <b>92</b>                  | <b>8</b>               | <b>6,921,228</b>           | <b>6,921,328</b> |

The notes on pages 13 to 28 form part of these financial statements.

**ENGAGE ESM LTD**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

|  | Called up<br>share capital | Revaluation<br>reserve | Profit and<br>loss account | Total equity     |
|--|----------------------------|------------------------|----------------------------|------------------|
|  | £                          | £                      | £                          | £                |
| At 30 December 2016                            | 92                         | 8                      | 4,376,742                  | 4,376,842        |
| <b>Comprehensive income for the year</b>       |                            |                        |                            |                  |
| Profit for the year                            | -                          | -                      | 1,592,197                  | 1,592,197        |
| <b>Total comprehensive income for the year</b> | -                          | -                      | 1,592,197                  | 1,592,197        |
| <b>At 31 December 2017</b>                     | <b>92</b>                  | <b>8</b>               | <b>5,968,939</b>           | <b>5,969,039</b> |

The notes on pages 13 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**1. General information**

Engage ESM Ltd is incorporated and domiciled in England and Wales. The address of its registered office and principal place of business is disclosed in the introduction to the financial statements. The principal activities of the Company are described in the Directors' Report.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts on the basis that group accounts are prepared for its ultimate parent undertaking, Atos SE, a company incorporated in France. These financial statements present information about the Company as an individual undertaking and not about any wider group.

The principal accounting policies adopted by the Company are set out below.

**2. Accounting policies**

**2.1 Basis of preparation**

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

These financial statements are prepared on a going concern and under the historical cost convention. The Company's financial statements are presented in pounds sterling.

The Company has used a true and fair view override in respect of the non amortisation of goodwill (see note 2.8).

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- (d) the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A-D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- (h) the requirement to prepare a Statement of Cash Flows and related notes;
- (i) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (j) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (e) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of assets;
- (f) the requirements in IAS 8.30 and IAS 8.31 to disclose new standards and interpretations; and
- (g) the requirements of paragraph 5(c) of the FRS 101 Reduced Disclosure Framework.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.2 New Standards adopted as at 1 January 2018**

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 Revenue from Contracts with Customers and the related Clarifications to IFRS 15 Revenue from Contracts with Customers (hereinafter referred to as 'IFRS 15') replace IAS 18 Revenue, IAS 11 Construction Contracts, and several revenue-related Interpretations.

This guidance became effective as at 1 January 2018 and was applied using a modified retrospective ('cumulative catch-up') approach. Under this approach, the Company assessed whether the guidance under IFRS 15 had a material effect on the statement of financial position as at 1 January 2018.

At 1 January 2018, the transitional impact of IFRS 15 on revenue would have been a reduction to revenue of £191k, with a profit margin impact of £34.6k.

In accordance with the transitional guidance, IFRS 15 has only been applied to contracts that were incomplete as at 1 January 2018.

**IFRS 9 Financial Instruments**

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and also became effective as at 1 January 2018. IFRS 9 replaces previous guidance given under IAS 39 on the classification and measurement of financial assets and introduces an 'expected credit loss' model for assessing the impairment of financial assets.

The Company has applied the transitional provisions given in the standard which allowed the entity not to restate prior periods. In addition, the Company has made an assessment of the impact of the first-time adoption requirements of IFRS 9 which did not result in any adjustments in relation to classification, measurement, and impairment to be recognised in the retained earnings of the Company as at 1 January 2018.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9 from 1 January 2018.

**2.3 Going concern**

After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the Going Concern Basis in preparing its financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.4 Revenue from Contracts with Customers**

Revenue is recognised if a contract exists between the Company and its customer. A contract exists if collection of consideration is probable, rights to goods or services and payment terms can be identified, and parties are committed to their obligations. Revenue from contracts with customers is recognised either against a contract asset or receivable, before effective payment occurs.

**Multiple arrangements services contracts**

The Company may enter into multiple-element arrangements, which may include combinations of different goods or services. Revenue is recognised for each distinct good or service which is separately identifiable from other items in the arrangement and if the customer can benefit from it.

When transition or transformation activities represent knowledge transfer to set up the recurring service and provide no incremental benefit to the customer (set up activities), no revenue is recognised in connection with these activities. The costs incurred during these activities are capitalised as contract costs if they create a resource that will be used in satisfying future performance obligations related to the contract and if they are recoverable. They are amortised on a systematic basis over the contractual period, taking into account any anticipated contract. The cash collected for such activities is considered as advance payment and recognised as revenue over the recurring service period.

In contrast, when these activities transfer to the customer the control of a distinct good or service and the customer could benefit from this good or service independently from the recurring services, they are accounted for separately as separate performance obligations and revenues relating to these activities are recognised.

When a single contract contains multiple distinct goods or services, the consideration is allocated between the goods and services based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices including usual discounts granted at which the Group sells the goods or services separately. Otherwise, the Group estimates stand-alone selling prices using a cost plus margin approach.

**Principal versus agent**

When the Company resells hardware, software and IT services purchased from third-party suppliers, it performs an analysis of the nature of its relationship with its customers to determine if it is acting as principal or as agent in the delivery of the good or service. The Company is a principal if it controls the specified good or service before it is transferred to the customer. In such case, revenue is recognised on a gross basis. If the Company is an agent, revenue is recognised on a net basis (net of suppliers costs), corresponding to any fee or commission to which the Company is entitled. When the Company is providing a significant service of integrating the specified good or service, it is acting as a principal in the process of resale. If the specified good or service is distinct from the other services promised to its customer, the Company is acting as a principal notably if it is primarily responsible for the good or service meeting the customer specifications or assumes inventory or delivery risks.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

**At a point in time versus over time recognition**

Revenue is recognised when the Company transfers the control of a good or service to the customer, either at a point in time or over time.

For recurring services, the revenue is recognised over time as the customer simultaneously receives and consumes the benefit provided by the Company's performance as the Company performs. If the Company has a right to invoice a customer at an amount that corresponds directly with its performance to date, the revenue is recognised at that amount. Otherwise, revenue is recognised based on the costs incurred if the entity's efforts are not expensed evenly throughout the period covered by the service.

When the Company builds an asset or provides specific developments, revenue is recognised over time, generally based on costs incurred, when the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced or when the performance does not create an asset with an alternative use and the Company has an enforceable right to payment for the performance completed to date by the contract and local regulations. Otherwise, revenue is recognised at a point in time.

**Contract costs - Costs to obtain and fulfil a contract**

Incremental costs to acquire a multi-year service contracts are capitalised and amortised over the life of the contract. Transition & Transformation costs that do not represent a separate performance obligation of a contract are capitalised as contract costs if they create a resource that will be used to perform other performance obligations embedded in the contract, and are recoverable. Other costs incurred to obtain or fulfil a contract are expensed when incurred.

**Statement of Financial Position Presentation**

Contract assets primarily relate to the Company's rights to consideration for work completed but not yet billed at the reporting date. When the rights to consideration are unconditional, they are classified as trade receivables.

Contract liabilities relate to upfront payments received from customers in advance of the performance obligation. Contract costs are presented separately from contract assets.

**Revenue recognition and associated costs on long-term contracts**

Total projected contract costs are based on various operational assumptions such as forecast volume or variance in the delivery costs that have a direct influence on the level of revenue and possible forecast losses on completion that are recognised. A provision for onerous contract is booked if the future costs to fulfill a contract are higher than its related benefits.

**2.5 Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.6 Taxation**

Income tax expense represents the sum of the corporation tax and deferred tax charges. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on the tax rates and laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**2.7 Exceptional items**

The Company presents as exceptional items on the face of the Statement of Comprehensive Income, those significant items of income and expense which, because of their size, nature and infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods to assess trends in financial performance more readily.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)****2.8 Goodwill**

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to the profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the Directors, not exceeding its useful economic life. It has been deemed, however, the non amortisation of goodwill is a required departure, for the overriding purpose of giving a true and fair view.

**2.9 Investments**

Investments are stated at cost less provision for any permanent impairment.

**2.10 Leases**

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**2.11 Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

**2.12 Research and development**

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the intangible asset ;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- intangible asset will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

**2.13 Interest income**

Interest income is recognised in the profit and loss using the effective interest method.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes.

**Measurement of recognised deferred tax assets**

Deferred tax assets are recognised when it is probable that taxable profit will be available against which the deferred tax assets can be utilised. Estimates of taxable profits and utilisations of deferred tax assets are prepared on the basis of profit and loss forecasts as included in the 3-year business plans.

**Revenue recognition and associated costs on long-term contracts**

Revenue recognition and associated costs, including forecast losses on completion are measured according to policies stated. Total projected contract costs are based on various operational assumptions such as forecast volume or variance in the delivery costs. These have a direct influence on the level of revenue and possible forecast losses on completion that are recognised.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

4. Turnover

An analysis of turnover by class of business is as follows:

|                             | 2018<br>£         | 30<br>December<br>2016 to 31<br>December<br>2017<br>£ |
|-----------------------------|-------------------|---|
| Rendering of services       | 16,863,284        | 16,175,668  |
| Hardware and licence resale | 5,992,531         | 2,931,757   |
|                             | <u>22,855,815</u> | <u>19,107,425</u>                                     |

Analysis of turnover by country of destination:

|                   | 2018<br>£         | 30<br>December<br>2016 to 31<br>December<br>2017<br>£ |
|-------------------|-------------------|---|
| United Kingdom    | 16,368,073        | 11,660,067  |
| Europe            | 5,245,897         | 4,698,154   |
| Rest of the world | 1,241,844         | 2,749,204   |
|                   | <u>22,855,814</u> | <u>19,107,425</u>                                     |

The total revenue includes amount for Atos group undertakings of £7,413,384 (2017 - £9,952,972).

Timing of revenue recognition:

|  | 2018<br>£         | 30<br>December<br>2016 to 31<br>December<br>2017<br>£ |
|--|-------------------|---|
| Goods and services transferred over time | 22,855,814        | 19,107,425  |
|  | <u>22,855,814</u> | <u>19,107,425</u>                                     |

**ENGAGE ESM LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**4. Turnover (continued)**

Revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the year end is summarised as follows:

|                                   | 2019<br>£         | Total             |
|-----------------------------------|-------------------|-------------------|
| Revenue expected to be recognised | 22,500,000        | 22,500,000        |
|                                   | <u>22,500,000</u> | <u>22,500,000</u> |

**5. Operating profit**

Arrived at after charging/(crediting)

|   | 2018<br>£     | 30<br>December<br>2016 to 31<br>December<br>2017<br>£ |
|---|---------------|---|
| Exchange differences                                | (12,801)      | 69,462  |
| Pension contributions - defined contribution scheme | 631,499       | 305,079   |
| Operating lease payments - property                 | 56,299        | 181,755   |
|   | <u>18,000</u> | <u>20,000</u>   |

**6. Auditor's remuneration**

The Company paid the following amounts to its auditors in respect of the audit of the financial statements provided to the Company:

|   | 2018<br>£     | 30<br>December<br>2016 to 31<br>December<br>2017<br>£ |
|---|---------------|---|
| Auditor's remuneration - audit of Company | 18,000        | 20,000  |
|   | <u>18,000</u> | <u>20,000</u>   |



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**ENGAGE ESM LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**7. Other Income**

|                 | 2018<br>£      | 30<br>December<br>2016 to 31<br>December<br>2017<br>£ |
|-----------------|----------------|---|
| Dividend Income | 268,815        | -   |
|                 | <u>268,815</u> | <u>-</u>  |

The Company received dividends from Innovise ESM Ltd of £159,615; Innovise ESM Holdings Ltd of £55,991; and Abilitec Ltd of £53,209 on 12 October 2018.

**8. Interest receivable**

|                                  | 2018<br>£ | 30<br>December<br>2016 to 31<br>December<br>2017<br>£ |
|----------------------------------|-----------|---|
| Interest income on bank deposits | -         | 10  |
|                                  | <u>-</u>  | <u>10</u>   |

**ENGAGE ESM LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**9. Employees**

Staff costs were as follows:

|                                     | 2018             | 30<br>December<br>2016 to 31<br>December<br>2017 |
|-------------------------------------|------------------|--|
|                                     | £                | £  |
| Wages and salaries                  | 7,630,193        | 6,826,396  |
| Social security costs               | 969,851          | 818,451  |
| Cost of defined contribution scheme | 631,499          | 305,079  |
|                                     | <u>9,231,543</u> | <u>7,949,926</u>                                 |

No Directors were remunerated through this entity in the 2018 and 2017.

The average monthly number of employees, including the Directors, during the year was as follows:

|                     | 2018       | 30<br>December<br>2016 to 31<br>December<br>2017 |
|---------------------|------------|--|
|                     | No.        | No.  |
| Administration      | 11         | 9  |
| Sales and marketing | 18         | 18   |
| Operations          | 78         | 66   |
|                     | <u>107</u> | <u>93</u>  |

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**ENGAGE ESM LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**10. Interest payable and similar expenses**

|                       | 2018<br>£ | 30<br>December<br>2016 to 31<br>December<br>2017<br>£ |
|-----------------------|-----------|---|
| Bank interest payable | -         | 1,126   |
|                       | -         | 1,126   |

**11. Fixed asset investments**

|   | Investments<br>in<br>subsidiary<br>companies<br>£ |
|---|---|
| At 1 January 2018                       | 269,115   |
| Amounts charged to exceptional expenses | (269,115)   |
| At 31 December 2018                     | -   |

During the year the Company wrote off fixed asset investments held in the following dormant subsidiaries. Each of the subsidiaries was dissolved on 18 December 2018.

Innovise ESM Ltd  
Innovise ESM Holdings Ltd  
Abilitec Ltd

The registered office of all of the Company's subsidiary undertakings was:  
Second Floor  
Mid City Place  
71 High Holborn  
London  
WC1V 6EA  
United Kingdom

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Taxation

|  | 2018<br>£ | 30 December<br>2016 to 31<br>December<br>2017<br>£ |
|--|-----------|--|
| <b>Corporation tax</b>                           |           |  |
| Adjustments in respect of previous periods       | -         | (2,418)  |
| <b>Total current tax</b>                         | -         | (2,418)  |
| <b>Deferred tax</b>                              |           |  |
| Origination and reversal of timing differences   | 1,094     | -  |
| Adjustment in respect of previous years          | (12,351)  | -  |
| <b>Total deferred tax</b>                        | (11,257)  | -  |
| <b>Taxation on profit on ordinary activities</b> | (11,257)  | (2,418)  |

**Factors affecting tax charge for the year**

The tax assessed for the year is different to (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

|   | 2018<br>£ | 30 December<br>2016 to 31<br>December<br>2017<br>£ |
|---|-----------|--|
| Profit on ordinary activities before tax  | 941,032   | 1,589,779  |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%) | 178,796   | 306,032  |
| <b>Effects of:</b>  |           |  |
| Disallowable costs  | 55,882    | 13,033   |
| Intercompany dividends not taxable  | (51,075)  | -  |
| Adjustment in respect of previous years   | (12,351)  | (2,418)  |
| Free group relief from other UK Group companies   | (182,381) | (319,065)  |
| Effect of tax rate change   | (128)     | -  |
| <b>Total tax charge for the year</b>  | (11,257)  | (2,418)  |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

13. Intangible assets

|                       | Goodwill<br>£ |
|-----------------------|---------------|
| <b>Cost</b>           |               |
| At 1 January 2018     | 4,728,415     |
| At 31 December 2018   | 4,728,415     |
| <b>Amortisation</b>   |               |
| At 1 January 2018     | 1,418,523     |
| At 31 December 2018   | 1,418,523     |
| <b>Net book value</b> |               |
| At 31 December 2018   | 3,309,892     |
| At 31 December 2017   | 3,309,892     |

14. Debtors

|                                    | 2018<br>£  | 2017<br>£ |
|------------------------------------|------------|-----------|
| Trade debtors                      | 5,031,590  | 880,146   |
| Amounts owed by group undertakings | 4,036,408  | 3,155,577 |
| Other debtors                      | 2,332      | 34,830    |
| Accrued income                     | 529,714    | 1,302,926 |
| Deferred taxation                  | 18,662     | 7,405     |
| Prepayments                        | 614,164    | 717,434   |
|                                    | 10,232,870 | 6,098,318 |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

15. Commitments under operating leases

|                 | 2018<br>£ | 2017<br>£     |
|-----------------|-----------|---------------|
| Within one year | -         | 54,000        |
|                 | <u>-</u>  | <u>54,000</u> |

16. Cash and cash equivalents

|                          | 2018<br>£        | 2017<br>£        |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 2,248,656        | 1,882,847        |
|                          | <u>2,248,656</u> | <u>1,882,847</u> |

17. Creditors: Amounts falling due within one year

|                                    | 2018<br>£        | 2017<br>£        |
|------------------------------------|------------------|------------------|
| Trade creditors                    | 3,287,282        | 708,313          |
| Deferred income                    | 1,545,017        | 1,170,772        |
| Amounts owed to group undertakings | 161,456          | 1,985,098        |
| Other taxation and social security | 1,435,966        | 707,601          |
| Other creditors                    | 78,316           | 79,578           |
| Accruals                           | 2,362,053        | 939,771          |
|                                    | <u>8,870,090</u> | <u>5,591,133</u> |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

18. Deferred taxation

|                      | 2018<br>£ | 2017<br>£ |
|----------------------|-----------|-----------|
| At beginning of year | 18,662    | 7,405     |
| At end of year       | 18,662    | 7,405     |

The deferred tax asset is made up as follows:

|                               | 2018<br>£ | 2017<br>£ |
|-------------------------------|-----------|-----------|
| Short term timing differences | 18,662    | 7,405     |
|                               | 18,662    | 7,405     |

19. Share capital

|  | 2018<br>£ | 2017<br>£ |
|--|-----------|-----------|
| Allotted, called up and fully paid             |           |           |
| 919 (2017 - 919) Ordinary shares of £0.10 each | 92        | 92        |

20. Reserves

**Called up share capital** - represents the nominal value of shares that have been issued.

**Profit and loss account** - includes all current and prior period retained profits and losses.

21. Parent and ultimate parent undertaking

The Company's immediate parent Company is Engage ESM Holdings LTD. The ultimate parent undertaking and controlling related party is Atos SE, a company incorporated in France, by virtue of its ultimate controlling interest in Engage ESM Holdings LTD. The largest and smallest group of undertakings for which group accounts are drawn up is that headed by Atos SE. Copies of these accounts are available to the public and may be obtained from Atos SE, River Oust, 80 Quai Voltaire, 95877 Bezons, Cedex - France.